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MANAGEMENT INFORMATION CIRCULAR AS AT MAY 8, 2012

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular ("**Circular**") is furnished in connection with the solicitation of proxies by management of Sabina Gold & Silver Corp. (the "**Company**") for use at the annual meeting of shareholders of the Company to be held on Tuesday June 12, 2012, at 10:00 a.m. (Vancouver time) (the "**Meeting**") at the Metropolitan Hotel – Vancouver Room, 645 Howe Street, Vancouver, British Columbia and any adjournment thereof, for the purposes set forth in the attached notice of Meeting ("**Notice of Meeting**") accompanying this Circular. Except where otherwise indicated, the information contained herein is stated as of May 8, 2012. All figures are in Canadian dollars unless otherwise stated.

The costs of this solicitation will be borne by the Company. The solicitation of proxies for the Meeting will be primarily by mail, but proxies may also be solicited personally or by telephone by employees, directors or by agents retained by the Company. Employees or directors of the Company will not receive any extra compensation for such activities.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Company. **A shareholder of the Company ("Shareholder") desiring to appoint some other person who need not be a Shareholder to represent him or her at the Meeting may do so by inserting such other person's name in the space indicated or by completing another proper form of proxy and in any case delivering the completed proxy to Computershare Investor Services Inc. ("Computershare") in time for use at the Meeting as specified in the Notice of Meeting.**

A proxy is revocable. The giving of a proxy will not affect the right of a Shareholder to attend and vote in person at the Meeting. A Shareholder who has given a proxy, or his agent so authorized in writing, may revoke the proxy by an instrument in writing deposited at Computershare at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting or in any manner prescribed by law.

Only registered Shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.

Voting by Registered Shareholders

Voting by Proxy

Registered Shareholders can vote their common shares of the Company ("**Common Shares**") by proxy in one of the following three ways:

- by calling the telephone number set out in the form of proxy included with this Circular from a touch-tone phone and following the instructions set out on the proxy form (the required access codes being the holder account number and proxy access number found on the enclosed proxy form);

- on the internet at www.investorvote.com by following the instructions set out on the proxy form (the required access codes being the holder account number and proxy access number found on the enclosed proxy form); or

- by mail by completing, dating and signing the enclosed proxy form and returning it to Computershare in the envelope provided.

Voting by Attending the Meeting in Person

Registered Shareholders who wish to vote their Common Shares in person at the Meeting should not complete or return their proxy form and should present themselves to a representative of Computershare at the Meeting.

Voting by Non-Registered Shareholders

Non-registered Shareholders are Shareholders who hold Common Shares in the name of an intermediary (such as a securities broker, trust company or other financial institution).

Voting by Providing Instructions to the Intermediary

Non-registered Shareholders should follow the directions of their intermediaries with respect to the procedures to be followed for voting their Common Shares.

Non-registered Shareholders must not use the mailing address of Computershare provided in this Circular as these are reserved for registered Shareholders but rather should use the information provided by the intermediary. If a non-registered Shareholder who has voted his or her Common Shares by following the directions of the intermediary wishes to revoke his or her vote, such Shareholder must contact his or her intermediary to determine the procedure to be followed.

Proxies must be received by no later than 5:00 p.m. (Pacific time) on Friday June 8, 2012 or, in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjourned Meeting.

Voting by Attending the Meeting in Person

The Company does not have access to the names and shareholdings of its non-registered Shareholders. If a non-registered Shareholder wishes to attend the Meeting and vote in person at the Meeting, he or she should insert his or her own name in the space provided on the form of proxy or request for voting instructions sent to the non-registered Shareholder by the intermediary and then follow the instructions provided by the intermediary to appoint himself or herself as a proxyholder. As the non-registered Shareholder will be attending the Meeting in person, he or she should not otherwise complete the form of proxy or request for voting instructions sent by the intermediary. Non-registered Shareholders who instruct their intermediary to appoint them as proxyholders should present themselves to a representative of Computershare at the Meeting.

Non-registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Company are referred to as non-objecting beneficial owners ("**NOBOs**"). Non-registered Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Company are referred to as objecting beneficial owners ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the "**Meeting Materials**") directly to the NOBOs and indirectly through intermediaries to the OBOs.

The intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to beneficial owners who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions or voting instruction form ("**VIF**"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Shareholder is able to instruct the intermediary how to vote on behalf of the non-registered Shareholder. VIFs, whether provided by the Company or by an intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

Exercise of Discretion by Proxies

All properly executed forms of proxy, not previously revoked, will be voted or withheld from voting on any ballot taken at the Meeting in accordance with the instructions contained therein. **Forms of proxy containing no instructions regarding the matters specified therein will be voted in favour of such matters. In the event, not presently anticipated, that any other matter is properly brought before the Meeting and is submitted to a vote, the form of proxy may be voted in accordance with the judgment of the persons named therein. The form of proxy also confers discretionary authority in respect of amendments to, or variations in, all matters which may properly come before the Meeting.**

RECORD DATE AND SHAREHOLDERS ENTITLED TO VOTE

On May 8, 2012 (the "**Record Date**"), 161,138,637 Common Shares were issued and outstanding. Each Common Share carries the right to one vote on all matters voted on a poll at the Meeting. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all of the issued Common Shares except as set out below:

Name and Municipality of Residence	Number of Shares	Approximate % of Total Issued
Dundee Precious Metals Inc.	18,539,713 (1)	11.5%
Dundee Corporation	16,685,200	10.4%

(1) The above information was obtained by the Company from Dundee Precious Metals Inc.
(2) The above information was obtained by the Company from a report dated April 24, 2012 filed on www.sedi.ca and retrieved May *, 2012.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no person (i) who has been a director or executive officer of the Company at any time since January 1, 2011, (ii) who is a proposed nominee for election as a director of the Company, or (iii) who is an associate or affiliate of a person included in paragraphs (i) or (ii), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of auditors.

BUSINESS OF THE MEETING

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2011 and the auditors' report thereon will be placed before the Meeting. The financial statements were included with the materials mailed to Shareholders with this Circular.

Election of Directors

The following table sets forth the name and municipality of residence of each person proposed to be nominated by management for election as a director, the position(s) with the Company now held by such nominee, his principal occupation or employment for the last five years, the year in which he first became a director of the Company, the committees of the board of directors (the "**Board**") of which he is a member and the approximate number of Common Shares which he beneficially owned or controlled or directed, directly or indirectly, as of May 8, 2012.

Name and Municipality of Residence	Position(s) Held	Principal Occupation	Director Since	Number of Common Shares(1)
LeRoy E. Wilkes(2) Castle Rock, Colorado	Chair and Director	Retired mining executive; formerly President of Washington Group International's mining business unit (NYSE: WGII)	October 31, 2006	298,373
Anthony P. Walsh(3) West Vancouver, British Columbia	Director	Retired mining executive formerly President and Chief Executive Officer of the Company from June 2008 - November 2011; prior to 2007, President and Chief Executive Officer of Miramar Mining Corporation, a resource company	May 29, 2008	42,395
Jonathan Goodman (4) Toronto, Ontario	Director	President and Chief Executive Officer of Dundee Precious Metals Inc., a mining company	June 4, 2009	172,703
John F. Whitton(5) Red Lake, Ontario	Director	Professional consulting geologist; prior to 2008, Exploration Manager of the Company	February 26, 1987	628,042

Name and Municipality of Residence	Position(s) Held	Principal Occupation	Director Since	Number of Common Shares[1]
Scott B. Hean[6] Vancouver, British Columbia	Director	Chief Financial Officer of Quaterra Resources Inc., a natural resource company	March 30, 2006	144,553
Terrence E. Eyton[7] North Vancouver, British Columbia	Director	Chartered Accountant; Chief Financial Officer of Peninsula Merchant Syndications Corp. prior to November 2010 founding partner of Topping Eyton Partners, Chartered Accountants	October 21, 2006	278,500
James N. Morton[8] Vancouver, British Columbia	Director	Lawyer and founding partner of Morton & Company, corporate and securities lawyers	June 19, 2008	59,400
David Fennell[9] Nassau, Bahamas	Director	Mining executive with several junior exploration companies	June 4, 2009	124,500
John Wakeford[10] Sechelt, British Columbia	Director, Strategic Technical Consultant	Formerly Vice-President, Corporate Development of the Company from September 2008 until January 2012; prior to 2007, Vice-President, Exploration of Miramar Mining Corporation, a resource company	April 1, 2011	32,923

Name and Municipality of Residence	Position(s) Held	Principal Occupation	Director Since	Number of Common Shares[(1)]
Robert Pease[(11)] Surrey, British Columbia	Director, President & Chief Executive Officer	Officer of the Company; prior to November 2011, a resource company consultant from June 2010; prior to June 2010; President & CEO of Terrane Metals Corp., a gold development company.	October 24, 2011	63,250

(1) The information as to the number of Common Shares beneficially owned or controlled or directed, directly or indirectly, is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
(2) Mr. Wilkes was a member of the Compensation and Health, Safety and Environment Committees until June 3, 2011.
(3) Mr. Walsh retired as President & CEO of the Company in November 2011.
(4) Mr. Goodman was a member of the Audit Committee until June 3, 2011. Since then he has been a member of the Compensation and Nominating Committees.
(5) Mr. Whitton is a member of the Compensation and Health, Safety & Environment Committees.
(6) Mr. Hean was a member of the Audit and Nominating and Corporate Governance Committees until June 3, 2011. Since then he has been a member of the Audit, Compensation and Corporate Governance and Social Responsibility Committees.
(7) Mr. Eyton was a member of the Audit and Nominating and Corporate Governance Committees until June 3, 2011. Since then he has been a member of the Audit and Nominating Committees.
(8) Mr. Morton was a member of the Health, Safety & Environment and Nominating and Corporate Governance Committees until June 3, 2011. Since then he has been a member of the Audit and Governance and Corporate Social Responsibility Committees.
(9) Mr. Fennell is a member of the Health, Safety and Environment Committee.
(10) Mr. Wakeford was appointed as a Director of the Board in April 2011. He became a member of the Health, Safety and Environment Committee on June 3, 2011.
(11) Mr. Pease was appointed President and Chief Executive Officer on November 16, 2011 to replace Mr. Walsh. He was appointed as a Director on October 24, 2011.

The persons named in the form of proxy which accompanies this Circular intend to vote FOR the election to the Board of the ten nominees listed above, unless the Shareholder has specified in the form of proxy that the Common Shares represented by such proxy are to be withheld from voting in respect thereof.

Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of the Shareholders of the Company or until his or her office is earlier vacated or until his or her successor is elected under the by-laws of the Company.

Other than as disclosed below, to the best of the Company's knowledge, no proposed director of the Company:

(a) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

(d) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(e) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for such proposed director.

LeRoy E. Wilkes, a director and Chair of the Company, was a director of Copper Mesa Mining Corporation ("Copper Mesa") which had a cease trade order issued against it on April 8, 2009 for failure to file its annual financial statements, accompanying management's discussion and analysis and annual information form (collectively, the "**Annual Filings**") for its financial year ended December 31, 2008. On June 3, 2009, the cease trade order was revoked as Copper Mesa had filed its Annual Filings. Mr. Wilkes did not stand for re-election at the Copper Mesa Annual General Meeting in June of 2009 and is no longer a director of Copper Mesa.

Appointment of Auditor

The Board recommends, on the advice of the Audit Committee, that KPMG LLP, Chartered Accountants, of 777 Dunsmuir Street, Vancouver, British Columbia V7Y 1K3 be re-appointed as auditor for the Company. KPMG LLP was initially appointed auditor of the Company on June 4, 2009.

The persons named in the form of proxy which accompanies this Circular intend to vote FOR the appointment of KPMG LLP, Chartered Accountants, as the auditor of the Company, to hold office until its successor is appointed, unless the Shareholder has specified in the form of proxy that the Common Shares represented by such proxy are to be withheld from voting in respect thereof.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Objectives and Goals

The Company's goal in designing its executive compensation program is to achieve three goals.

- to attract and retain talented executive officers by offering compensation competitive to comparable positions within similar companies in the resource industry;
- to align the interests of executive officers with those of Shareholders in both the short and the long term; and
- to link individual executive officer compensation to the performance of both the Company and the individual executive officer.

<u>Attraction, Motivation and Retention of Key Talent</u>

The Company's compensation program is currently designed to attract, motivate and retain key talent in a highly competitive environment through:

- a competitive cash compensation program, consisting of base salary and bonus opportunity which is in the medium to high range of remuneration of similar roles in other companies;
- Initial three year vesting and five year term stock option awards;

<u>Alignment of Interest of Management with Interest of Shareholders</u>

The compensation program is also designed with the goal of aligning the interest of management with the interest of the Shareholders through the following elements:

- through the grant of stock options, if the price of the Common Shares increase over time, both management and Shareholders will benefit; and
- by providing a three year vesting program upon appointment, management has an interest in increasing the price of the Company's shares over time rather than focussing on short term increases.

Compensation Committee Composition and Process

The Compensation Committee of the Board was established to assist the Board in fulfilling its responsibilities relating to compensation matters, including the evaluation and approval of the Company's compensation plans, policies and programs.

The Compensation Committee is composed of three directors, all of whom are independent within the meaning of National Instrument 58-101. Its members are Scott B. Hean (Chair), Jonathan Goodman and John Whitton. None of the members of the Compensation Committee is an officer, employee or former officer of the Company although Mr. Whitton was a consultant to the Company until January, 2009. All of the members are experienced in matters of executive compensation and the Board believes that the committee collectively has the knowledge, experience and background required to fulfill its mandate. The Compensation Committee met twice during 2011. The composition of the Compensation Committee during 2011 is set out below.

From Jan 2011 – June 2011

Mr. Scott B. Hean – Mr. Hean, is currently Chair of the Compensation Committee and has served as such since 2007. Mr. Hean also serves on the Audit Committee of the Company. He is the Chief Financial Officer of Quaterra Resources Inc., a publicly traded mineral exploration company listed on the TSX.V and NYSE.AMEX.

He also serves as a director on the boards of four other junior mining exploration companies. Mr. Hean holds the IC.D designation from the Institute of Corporate Directors.

Mr. John F. Whitton – Mr. Whitton is experienced in all levels of exploration and development including mine and mill design, mine construction and operations. Mr. Whitton has been a Director of Sabina since 1987 and is a registered Professional Geoscientist in the Province of Ontario, Canada.

Mr. LeRoy E Wilkes - Mr. Wilkes is a retired mining professional who was most recently President of Washington Group International's (NYSE: WGII) mining business unit where he was responsible for the operating and financial performance of the unit's international operations in the coal, metals and industrial minerals markets. He has 37 years of mining experience in the precious metals, coal, industrial metals, and base metals mining and processing. Mr. Wilkes is also Chairman of the Board.

From June 2011 – current

Mr. Scott B. Hean, Mr. John F. Whitton, and

Mr. Jonathan Goodman - Jonathan Goodman is the President & CEO of Dundee Precious Metals. Mr. Goodman has over 20 years experience in the resource and investment industry, working as a geologist, senior analyst, portfolio manager and senior executive. Prior to joining the Compensation Committee, Mr. Goodman was a member of the Audit Committee.

In order to ensure all committees benefit from the experience of all directors, the Nominating Committee provides suggestions for rotations of certain Directors for each committee each year.

One of the key roles of the Compensation Committee is to assist the directors of the Company in attracting, evaluating and retaining key senior executive personnel through compensation and other appropriate performance incentives.

It is the Compensation Committee's responsibility to ensure that the Company develops a compensation plan for its executive officers that is fair and competitive and consistent with the best interests of the Company. The role of management is to provide the Compensation Committee with perspectives on the business strategy and individual performance in order to assist the Compensation Committee in making recommendations regarding compensation. The Chairman of the Compensation Committee also provides regular reports to the Board regarding actions and discussions at committee meetings.

The Compensation Committee reviews the performance of the Company's Named Executive Officers ("**NEO**s") against established performance goals and criteria and makes recommendations to the Board of the Company on appropriate compensation. Other than with respect to the CEO, the committee also considers the evaluations and recommendations of the CEO. In addition, external compensation experts are consulted by the Compensation Committee as deemed appropriate by the Committee. For the remainder of this Compensation Discussion and Analysis, the individuals included in the "Summary Compensation Table" on Page are referred to as the NEOs, namely, Anthony Walsh, President & CEO (Jan 1/11 – Nov 15/11), Robert Pease (President & CEO (Nov 16/11 – current), Elaine Bennett (Vice-President, Finance and CFO), John Wakeford (Senior Vice-President, Corporate Development), Peter Manojlovic (Vice-President, Exploration) and Nicole Hoeller (Jan 1/11 – Oct 24/11 – Director, Investor Relations & Corporate Secretary; Oct 24/ 11 – Current, Vice-President, Investor Relations & Corporate Secretary).

Role of the Chief Executive Officer

The Chief Executive Officer ("**CEO**") completes a review of each NEO's performance in accordance with the evaluation criteria listed below in the "Annual Incentives" section. Based on the foregoing evaluation, as well as other criteria, the CEO makes a recommendation to the Compensation Committee on bonuses and salaries for each other NEO which is taken into consideration by the Compensation Committee in completing its review and ultimate recommendations to the Board.

Role of Consultants

In 2010 and again in 2011, the Compensation Committee engaged Roger Gurr & Associates ("Gurr") to conduct a review of compensation of executive officers and directors at peer companies to assist it in setting the compensation program for executive officers and directors going forward. See "Benchmarking" below.

Benchmarking

In early 2010, the Compensation Committee engaged Gurr to conduct an independent review of currently available information on compensation of executive officers and directors of companies similar to the Company within the mining industry (the "**Peer Group**") to assist it in setting the compensation for its executive officers and directors going forward. Gurr completed a benchmark analysis for the base salary, total cash compensation and total direct compensation for each NEO. Additionally, Gurr, the Chair of the Compensation Committee and the CEO considered the Peer Group against which the Company's NEOs would be considered. The companies forming the Peer Group were selected based on the nature of their business and size (i.e. market capitalization, commodities, phase of development, exposure to political risk, and other factors) so as to be comparable, as a group, to the Company. The Peer Group was comprised of 22 companies as follows: Andina Minerals Inc., Augusta Resources Corp., Baffinland Iron Mines Corp., Bear Creek Mining Corp., Crystallex International Corp., ECU Silver Mining Inc., Entree Gold Inc., Excellon Resources Inc., Exeter Resources Inc., Fronteer Development Group Inc., International Minerals Corp., MAG Silver Corp., Minera Andes Inc., NovaGold Resources Inc., Polymet Mining Corp., Shore Gold Inc., St Andrew Goldfields Ltd., Stornoway Diamond Corp., Terrane Metals Corp., Victoria Gold Corp. and Virginia Mines Inc.

The Compensation Committee then reviewed the annual compensation for each of the executive officers and directors taking into consideration the competitive compensation practices for comparable positions with similar companies in the mining industry (the "Peer Group") and recommended compensation levels for 2011. With the objective of fixing remuneration in the mid to high range of its peer companies and taking into consideration the strong performance of the Company in 2010, the Compensation Committee recommended increases of 6.6% for Mr. Walsh, 7.7% for Ms. Bennett, 7.5% for Mr. Wakeford, 5.0% for Mr. Manojlovic and 9.7% for Ms. Hoeller for 2011.

In late 2011, the Compensation Committee again engaged Gurr to update its independent review of compensation of executive officers, senior managers and directors of companies similar to the Company within the mining industry. Again, Gurr completed a benchmark analysis for the base salary, total cash compensation and total direct compensation for each NEO, using a more refined Peer Group established by Gurr, the Compensation Committee and the CEO. The 15 companies forming the list of the Peer Group were selected based on the following criteria: i) gold development companies with low or minimal production; ii) activities concentrated in the Americas, ideally with development in northern Canada or Alaska; and iii) market capitalization in the range of $250 million to $1 billion. The Peer Group included: Great Basin Gold Ltd, International Tower Hill Mines, Lake Shore Gold Corp, Minefinders Corp Ltd, NovaGold Resources Inc, Orezone Gold Corp, Premier Gold Mines, Queenston Mining Inc, Rainy River Resources Ltd, Romarco Minerals Inc, Rubicon Minerals Corp, San Gold Corp, Seabridge gold Inc, Stornoway Diamond Corp. and Torex Gold Resources Inc.

In addition, an internal review by management of compensation of senior executives of companies similar to the Corporation within the mining industry was conducted using analysis for the base salary, total cash compensation and total direct compensation using information in the Coopers 2011 Mining Industry Salary Survey, benchmarking against companies with 100+ employees.

Based on the information reviewed in both the Gurr Report and the internal review and in accordance with the Compensation Strategy, the Compensation Committee recommended compensation for the executive officers in the mid- range relative to the Peer Group. As a result of the review, it was determined that most of the NEO were receiving compensation in the mid to high range of the Peer Group with the exception of Elaine Bennett and Nicole Hoeller who received 10% and 16% increases respectively in accordance with the Company's compensation strategy. The remaining NEO's (with the exception of Tony Walsh and John Wakeford who retired from their positions and Rob Pease who had just joined the Company) received 3% cost of living increases.

Although Gurr provided advice and information to the Compensation Committee, the decisions reached by the Compensation Committee and their ultimate recommendations to the Board may have reflected factors and considerations other than or in addition to the information and recommendations provided by Gurr, including individual and Company performance.

Executive Compensation-Related Fees

The Company paid aggregate fees of $29,680 during 2011 ($24,780 during 2010) to review the Company's compensation strategy (including choice of Peer Group companies, pay and performance positioning metrics), plan designs an pay levels versus the market and provide recommendations to assist the Compensation Committee in determining compensation levels of the NEO's of the Company.

Elements of Compensation

The Company's compensation program for executive officer's is comprised of three main components (i) base salary (ii) annual incentives (cash bonuses) and (iii) long term incentives (options). The compensation program also includes potential discretionary awards, termination and change in control benefits and perquisites. Except as otherwise disclosed herein the Company does not provide any pension plan or similar benefits.

Base Salary

Base salary is a fixed element of compensation for each NEO for performing the specific responsibilities of his or her position and is typically determined with general reference to, among other things, base salary compensation of industry peers. Base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers by providing compensation at the mid to high range.

For NEOs, the Compensation Committee considers the following factors in setting base salaries:

- the level of responsibility related to each NEO's position;
- the base salaries generally paid to equivalent NEOs at industry peers;
- the experience of the NEO; and
- the NEO's overall performance.

Base salary is linked to other elements of compensation as it may influence the level of annual incentives and change in control benefits. In 2011 the NEOs received salary increases ranging from approximately 5% - 9.7%. In 2012 certain of the NEOs received salary increases ranging from approximately 3% to 16%.

Annual Incentives

An annual incentive is a short-term variable element of compensation that may reward an executive officer for corporate and/or individual performance and is typically determined with reference to pre-set corporate and/or individual performance objectives. Annual incentives are awarded up to the targeted amounts or percentages on the basis of the achievement of pre-set corporate and/or personal objectives for the year. These may include both quantitative and qualitative objectives for both the Company and the individual executive officer. All bonuses are considered and recommended by the Compensation Committee to the Board. Annual incentives are linked to other elements of compensation as they may influence the level of change in control benefits.

For 2011, the pre-set corporate objectives included: (i) implementation of the corporate strategy; (ii) recruitment of key management and other personnel as needed (in particular building on the exploration team, development and permitting teams); (iii) development and implementation of financial planning consistent with the corporate strategy; (iv) development and implementation of an effective investor relations program; (v) increasing the Company's global gold resource by an additional 2 million ounces of gold; (vi) completing a transaction on the Hackett River Project; and (vi) growing the Company with value added acquisitions. No specific weightings were assigned to each objective, but rather, a subjective determination was made based on a general assessment of the market performance of the Company and the individuals relative to such objectives as follows:

i) A corporate strategy was refined which identified an objective and plan to advance the Company towards becoming a mid-tier gold producer;

ii) The Company added a Vice-President, Engineering and Project Management as well as a Director, Environmental & Community Relations to the management team in 2011;

iii) The Company completed an equity offering in 2011 for gross proceeds of approximately $97.5 million, bolstering the treasury and providing for increased exploration and development activities throughout the year;

iv) At the end of 2011 six research analysts continued to provide coverage on the Company and the consensus of the six analysts was a positive future share price of $7.80 per share;

v) During 2011, as a result of the Company's successful exploration efforts, the Company reported three resource updates and increased the Company's overall gold resource by 1.8 million ounces.

vi) In June 2011, the Company announced an agreement to sell it's Hackett River Project in Nunavut to Xstrata Zinc Canada. The transaction closed in November of 2011;
In 2011, the Company completed two acquisitions for exploration projects in Ontario.

vii) Despite successful corporate achievements, the Company's adjusted market capitalization decreased by 36% from 2010.

After considering the 2011 performance relative to the stated objectives and considering the underperformance of the share price in the market, management and the Board determined that the Company had achieved approximately 55% of its corporate objectives in the year.

Following completion of the 2011 financial year, the Compensation Committee met to review the performance of each of the NEOs and the Company against the corporate objectives that were determined at the beginning of the year. The Compensation Committee considered each objective and the success of the NEOs in achieving each objective during the year. Then, with the assistance of the CEO in the case of the other NEOs, the Compensation Committee determined the percentage of the executive officer's annual base salary that would be paid as a cash bonus award, if any and made its recommendations to the Board. For the year 2011, cash bonuses were paid to each of the NEOs on the basis that the Company had a 55% accomplishment rate on its corporate objectives. The bonus of each NEO was calculated upon a ratio of their corporate and individual contributions in relation to the corporate objectives as follows:

NEO	**Position**	**Corporate**	**Individual**
Anthony Walsh	President & CEO	33.3%	66.6%
Elaine Bennett	Vice-President, Finance & CFO	25.0%	75.0%
John Wakeford	Senior Vice-President, Corporate Development	33.3%	66.6%
Peter Manojlovic	Vice-President, Exploration	25.0%	75.0%
Nicole Hoeller	Vice-President, IR & Corporate Secretary	25.0%	75.0%

The bonus for each NEO is set out in the "Summary of Compensation Table" on page 16.

Long-Term Incentives

From time to time and in accordance with the Company's stock option plan, as amended, (the "**Option Plan**"), share ownership opportunities are provided in order to align the interests of senior management with the longer-term interests of Shareholders. The Option Plan is designed to give individuals an interest in preserving and maximizing Shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance.

In 2009, the Compensation Committee recommended a program to grant options on an annual basis to those eligible individuals. The program gives consideration to, among other things, the individual's current and potential contribution to the success of the Company, as well as the relative position of the individual within the Company. Option grants do not specifically influence any other element of compensation other than the value of such compensation being generally considered within the total compensation of an executive officer.

In 2011, the Compensation Committee recommended grants of options to all of the NEOs.

A description of the current Option Plan in accordance with the disclosure requirements of the TSX is set out below. The Company did not amend the Option Plan in 2011.

Eligible Participants: Directors, Employees, and Service Providers (as those terms are defined in the Option Plan) are eligible to be granted options under the Option Plan.

Number of Shares Reserved: The number of Common Shares which may be issued pursuant to options granted under the Option Plan may not exceed 10% of the issued Common Shares at the date of granting the options. Common Shares covered by an option that have been exercised, terminated or expired shall again be available for an option grant. As of the date hereof, a maximum of 16,113,864 Common Shares are reserved for issuance under the Option Plan (representing approximately 10 % of the Common Shares outstanding). As of the date hereof, the total number of Common Shares issuable upon exercise of options granted under the Option Plan is 11,223,410 Common Shares (representing approximately 7% of the Common Shares outstanding and approximately 70% of the Common Shares reserved for issuance under the Option Plan). As of the date hereof, Common Shares available for issuance pursuant to future Option grants is 4,890,454 Common Shares (representing approximately 3% of the Common Shares outstanding and approximately 30% of the Common Shares reserved for issuance under the Option Plan).

(a) *Limitations on Grants:* The aggregate number of Common Shares issuable to insiders of the Company within any one year period under the Option Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding Common Shares. The aggregate number of Common Shares reserved for issuance to insiders of the Company at any time under the Option Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 10% of the Company's total issued and outstanding Common Shares.

Exercise Price:

The exercise price of the Common shares covered by each Option is determined by the Board. While the Common Shares are listed on the TSX, the exercise price, shall not be less than the "Market Price" of the Common Shares at the time the option is granted. "Market Price" is defined in the Option Plan as the closing price of the Common Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, on the day immediately preceding the relevant date.

Vesting: The Option Plan provides that an option may be exercised (in each case to the nearest full share) during the term of the option in such manner as the Board may fix by resolution.

Term of Options: Subject to the termination and change of control provisions noted below, the term of any option granted under the Option Plan is determined by the Board and may not exceed ten years from the date of grant. Should the expiry date for an option fall within a black out period or within nine business days following the expiration of a blackout period, such expiry date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the expiry date for such option for all purposes under the Option Plan. A "blackout period" is a period during which designated persons cannot trade Common shares of the Company pursuant to any policy of the Company respecting restrictions on trading.

Share Appreciation Right:

The Option Plan provides that an optionee has the right (the "**SAR Right**") in lieu of the right to exercise an option, to surrender such option in whole or in part (the "**Surrendered Option**") by notice in writing delivered by the optionee to the Company electing to exercise the SAR Right, in lieu of receiving the Common Shares to which the Surrendered Option, or relevant portion thereof, relates (the "**Option Shares**"). An optionee exercising the SAR Right shall receive, subject to satisfaction of the withholding tax requirements in the Option Plan, that number of Common Shares, disregarding fractions, which is equal to the quotient obtained by:

(a) subtracting the option exercise price per option share from the market price per Common Share as at the date of the exercise of the SAR Right and multiplying the remainder by the number of option shares; and

(b) dividing the product obtained above by the market price per Common Share as at the date of the exercise of the SAR Right.

If an optionee exercises the SAR Right in connection with an option, it is exercisable only to the extent and on the same conditions that the related option, or portion thereof, is exercisable under the Option Plan. At the time of the exercise of a SAR Right, the related option, or relevant portion thereof, shall terminate and cease to be exercisable.

Termination: If the optionee is a director of the Company and ceases to be such, other than by reason of death, then the expiry date of the option is 90 days following the termination date, provided that, the Board has the discretion to waive the 90 day requirement, to permit the optionee to exercise any options for the full term of the options, unless the optionee is terminated as a result of certain specified circumstances in which case the expiry date will be the date the optionee is terminated. If an optionee ceases to be a director of the Company at any time during the term of an option by reason of retirement at or after the age of 60 or after 20 years of acting as a director, the rights to purchase Common Shares under the Option Plan which have accrued to the optionee and remain unexercised at, or which accrue subsequent to, the date of retirement or resignation shall remain exercisable by the optionee (or by the optionee's legal personal representative or representatives if the optionee dies before the last date of exercise of the option) beyond that date in accordance with the terms of the option as if the optionee had not retired.

If the optionee is an Employee or Service Provider of the Company and ceases to be such, other than by reason of death, then the expiry date of the option will be 90 days following the termination date unless the optionee is terminated as a result of certain specified circumstances (including termination for cause) in which case the expiry date will be the date the optionee is terminated.

In the event of the death of an optionee, the optionee's option may be exercised only within one year next succeeding such death and then only (i) by the person or persons to whom the optionee's rights under the option shall pass by the optionee's will or the laws of descent and distribution, and (ii) to the extent that the optionee was entitled to exercise the option at the date of death.

Change of Control: In the event of a consolidation or merger in which the Company is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for 50% or more of Common Shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, all outstanding options will immediately vest, provided that if such transaction does not close, all such options will be deemed not to have vested.

Assignability: The benefits, rights and options accruing to any optionee in accordance with the terms and conditions of the Plan are not be transferable or assignable. During the lifetime of an optionee any benefits, rights and options may only be exercised by the optionee.

Amendment Provisions: The Option Plan provides that the Board may from time to time amend the Option Plan and the terms and conditions of any option granted thereunder, provided that any such amendment, modification or change to the provisions of the Option Plan shall: (a) not adversely alter or impair any option previously granted except as permitted by the adjustment provisions in the Option Plan; (b) be subject to any regulatory approvals, where required, including the approval of the TSX, where necessary; (c) be subject to shareholder approval in accordance with the rules of the TSX in circumstances where the amendment, modification or change to the Option Plan would (i) reduce the exercise price of an option held by an insider of the Company (ii) extend the term of an option held by an insider of the Company beyond the original term of the option (other than pursuant to the blackout period provisions) (iii) amend to remove or to exceed the insider participation limits in the Option Plan (iv) increase the fixed maximum percentage of issued and outstanding Common shares which may be issued pursuant to the Option Plan or change from a fixed maximum percentage of issued and outstanding Common Shares to a fixed maximum number of Common Shares or (v) amend the amendment provisions and (d) not be subject to shareholder approval in circumstances where the amendment, modification or change to the Option Plan or option would (i) be of a “housekeeping nature” (ii) be necessary for options to qualify for favourable treatment under applicable tax laws; (iii) alter, extend or accelerate any vesting terms or condition in the Option Plan or any option; (iv) introduce, amend or modify any mechanics for exercising any option (including relating to a cashless exercise feature or an automatic exercise feature); (v) change the term of an option or change any termination provision in the Option Plan or any option (for example, relating to termination of employment, resignation, retirement or death), provided that such change does not entail an extension beyond the original term of such option (other than such period being extended by virtue of the blackout provisions); (vi) introduce a share appreciation right feature payable in cash or Common Shares, provided that such feature provides for a full deduction of the number of underlying Common Shares from the Option Plan maximum as applicable; (vii) change the application of the adjustment or change of control provisions; (viii) add a form of financial assistance or amend a financial assistance provision which is adopted; or (ix) change the eligible participants under the Option Plan.

Financial Assistance: The Option Plan does not provide for the Company to give financial assistance to facilitate the purchase of Common Shares under the Option Plan other than as provided for under the SAR Right.

Taxes and Source Deductions:

The Option Plan provides that the Company or any subsidiary may take such reasonable steps for the deduction and withholding of any taxes and other required source deductions that the Company or the subsidiary, as the case may be, is required by any law or regulation of any governmental authority whatsoever to withhold, deduct or remit in connection with the Option Plan, any exercise or surrender of any option, or a portion thereof, by an optionee or any issuance of Common Shares to an optionee.

In addition, the delivery of any Common Shares to be issued to an optionee on the exercise or termination of options by the optionee, may be made conditional upon the optionee (or other person) reimbursing or compensating the Company or making arrangements satisfactory to the Company for the payment to it in a timely manner of all taxes required to be remitted for the account of the optionee.

Discretionary Awards

The Board has the ability to make further discretionary awards when considered appropriate. A discretionary award can consist of cash and/or options and is a variable element of compensation that rewards an executive officer for extraordinary performance. Circumstances when such a discretionary one-time award may be considered by the Board would include, when in the Board's judgement (i) there has been an achievement of exceptional performance or outcomes beyond the targeted achievements previously contemplated by the Company's incentive programs, (ii) there is a specific need to recognize a change in role or retain a key executive officer, or (iii) previously established base salaries and targeted incentives are not reflective of the current market.

Termination and Change in Control Benefits

The employment agreement with each NEO also has termination and change of control provisions. See "Termination and Change in Control Benefits". The events that trigger payment under these arrangements were determined through negotiation of such employment agreements. The level of these benefits provided to executive officers does not influence any other element of compensation other than the value of such benefits being generally considered within the total compensation of an executive officer.

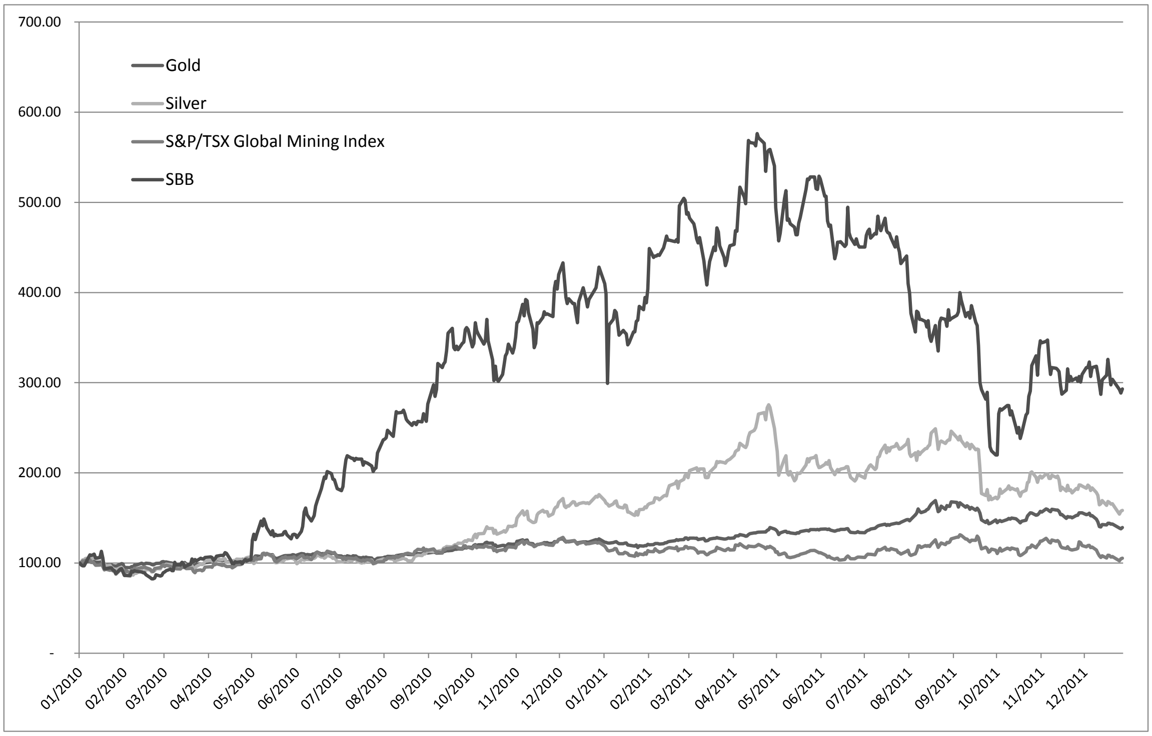
Perquisites and Personal Benefits

The Company provides basic perquisites and benefits to executive officers, which include health and insurance benefits, as well as a car allowance and parking. These basic perquisites are necessary to attract and retain executive officers. Given the relatively nominal nature of these perquisites and benefits, they do not affect decisions about other elements of compensation.

Performance Graph

The graph below compares the percentage change in the Company's total shareholder return on a $100 investment in Common Shares to the total return of the S&P/TSX Global Mining Index for the period which commenced November 5, 2009 (i.e. the date on which the Company graduated from the TSX Venture Exchange to the TSX) and ended December 31, 2011.

Comparison of Cumulative Total Shareholder Return on a $100 Investment in Common Shares of the Corporation and the S&P/TSX Global Mining Index



Trend

On an annual basis the Company reviews the compensation of senior executives of the Company's peer group to assist it in setting the compensation packages for the NEOs. The Compensation Committee reviewed the annual compensation for each of the NEOs based on the Peer Group information, inflation rates and the industry market and recommended increases of 6.6% for Mr. Walsh, 7.7% for Ms. Bennett, 7.5% for Mr. Wakeford, 5.0% for Mr. Manojlovic and 9.7% for Ms. Hoeller for 2011. In October, 2011, upon reviewing the Gurr Report and identifying certain executives that were under compensated relative to the peer group and the Company's compensation strategy, the Compensation Committee made recommendations for increases in 2012 of 10% for Ms. Bennett and 16% for Ms. Hoeller.

During 2011, the performance of the Company's Common Shares was negatively impacted by market conditions resulting in a lower adjusted market capitalization from the previous year. However, after considering Common Share performance in conjunction with the Company's achievements, the Board considers the short term compensation payments made to the NEOs for the year ended December 31, 2011 are appropriate.

Summary Compensation Table

The following table (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") under National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31, 2011, 2010 and 2009 in respect of the CEO, the Chief Financial Officer and the other NEO's of the Corporation whose total compensation in 2011 was more than $150,000, being the **NEOs**.

Name and principal position (a)	Year (b)	Salary ($) (c)	Share-based awards ($) (d)	Option-based awards[(1)] ($) (e)	Non-equity incentive plan compensation ($) (f): Annual incentive plans (f1)	Non-equity incentive plan compensation ($) (f): Long-term incentive plans (f2)	All other compensa-tion [(2)] ($) (h)	Total compensa-tion ($) (i)
Anthony Walsh[(3)] President & CEO	2011	307,000	NIL	751,646	56,000	NIL	17,250	1,131,896
	2010	301,200	NIL	169,336	200,000	NIL	18,000	688,536
	2009	300,400	NIL	25,929	131,500	NIL	20,015	477,844
Robert Pease [(4)] President & CEO	2011	48,750	NIL	368,826	NIL	NIL	2,250	419,826
Elaine Bennett CFO	2011	195,000	NIL	427,124	34,000	NIL	6,000	662,124
	2010	181,200	NIL	86,467	50,000	NIL	6,000	323,667
	2009	180,400	NIL	25,929	67,800	NIL	7,295	281,424
John Wakeford[(5)] Senior Vice-President, Corporate Development	2011	204,808	NIL	563,734	39,000	NIL	12,000	819,542
	2010	251,200	NIL	106,660	155,000	NIL	12,000	524,860
	2009	250,400	NIL	25,929	125,000	NIL	14,004	415,333
Peter Manojlovic[(6)]	2011	183,750	NIL	427,124	24,000	NIL	6,000	640,874
	2010	166,402	NIL	84,093	60,000	NIL	3,500	313,995
	2009	N/A	NIL	N/A	N/A	N/A	N/A	N/A

Name and principal position (a)	Year (b)	Salary ($) (c)	Share-based awards ($) (d)	Option-based awards[1] ($) (e)	Non-equity incentive plan compensation ($) (f)		All other compensa-tion [2] ($) (h)	Total compensa-tion ($) (i)
					Annual incen-tive plans (f1)	Long-term incentive plans (f2)		
Nicole Hoeller[7] Vice-President, IR & Corporate Secretary	2011	155,000	NIL	427,124	27,000	NIL	5,500	614,624
	2010	141,200	NIL	98,201	45,000	NIL	Nil	284,401
	2009	140,400	NIL	46,672	42,000	NIL	2,163	231,235

(1) The fair value of Options granted, estimated using the Black-Scholes fair value option pricing model, is in compliance with International Financial Reporting Standard ("IFRS") 2, "Share-based payment". The key assumptions used are determined at each grant date and a life of five years is assumed.
(2) Includes car allowance.
(3) Anthony Walsh retired as an officer and executive of the Company effective November 15, 2011.
(4) Robert Pease was appointed President & CEO on November 16, 2011.
(5) In June 2011, John Wakeford reduced his work schedule to approximately half time. In January 2012, he retired as an officer and executive of the Company and entered into a Consulting Agreement whereby he provides services as the Company's Strategic Technical Advisor.
(6) Peter Manojlovic was appointed Vice-President, Exploration on June 8, 2010
(7) Nicole Hoeller was appointed Vice-President, IR in November, 2011

Discussion of Summary Compensation Table

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each NEO's employment agreement.

Employment Agreements

Anthony Walsh - The Company had entered into an employment agreement with Mr. Walsh as President and CEO, pursuant to which he received a base salary of $300,000 (2011 salary $320,000) per year subject to annual review by the Compensation Committee. Mr. Walsh was eligible for a target annual bonus of 50% of his base salary, based on satisfaction of performance criteria set by the Compensation Committee each year. In addition, Mr. Walsh was eligible to participate in the Option Plan. Mr. Walsh received an initial grant of 1,000,000 options, with 250,000 options vesting every six months for a period of 24 months. In November 2011, Mr. Walsh retired as President and CEO of the Company, at which time his employment agreement with the Company was terminated. Mr. Walsh remains as a Director of the Board and as such, in recognition on his efforts and commitments to the Company the Board has exercised its discretion under the Option Plan to amend his options so as to permit them to be exercised for their remaining term.

Robert Pease – The Company entered into an employment agreement effective October 20, 2011 with Mr. Pease as President and CEO, pursuant to which he is entitled to a base salary of $390,000 per year subject to annual review by the Compensation Committee, which may recommend to the Board to increase such base salary in its sole discretion. Mr. Pease is eligible for a target annual bonus of 50% of his base salary, based on satisfaction of performance criteria set by the Compensation Committee each year. In addition, Mr. Pease is eligible to participate in the Option Plan. Mr. Pease received an initial allotment of 1,000,000 options with 250,000 options to be granted and priced in each of 2011, 2012 and 2013 and 125,000 to be granted and priced in each of 2014 and 2015.

Elaine Bennett - The Company entered into an employment agreement effective September 2, 2008 with Ms. Bennett as Vice-President and Chief Financial Officer, pursuant to which she is entitled to a base salary of $180,000 (2012 salary $215,000) per year subject to an annual review by the Compensation Committee (upon recommendation by the CEO), which may recommend to the Board to increase such base salary in its sole discretion. Ms. Bennett is also eligible for an annual bonus, based on satisfaction of performance criteria set by the CEO for each year. In addition, Ms. Bennett is eligible to participate in the Option Plan. Ms. Bennett received an initial grant of 500,000 options, with 125,000 options vesting immediately and 125,000 options vesting every six months thereafter for a period of 18 months. In October, 2011, Ms. Bennett's employment agreement was amended to modify certain change of control provisions as outlined below.

John Wakeford - The Company had entered into an employment agreement with Mr. Wakeford as Senior Vice-President, Corporate Development, pursuant to which he received a base salary of $250,000. Mr. Wakeford received an initial grant of 700,000 options, with 175,000 options vesting immediately and 175,000 options vesting every six months thereafter for a period of 18 months. On April 5, 2011, Mr. Wakeford's employment agreement was amended. Effective June 1, 2011, Mr. Wakeford went on a reduced work schedule of eight days a month focusing on the exploration strategies of the Company earning approximately $12,000 per month. In December, 2011, Mr. Wakeford's employment agreement terminated, and in January, 2012, he entered into a consulting contract with the Company as a Strategic Technical Advisor. Mr. Wakeford remains as a Director of the Board and as such, in recognition on his efforts and commitments to the Company the Board has exercised its discretion under the Option Plan to amend his options so as to permit them to be exercised for their remaining term...

Peter Manojlovic - The Company entered into an employment agreement effective June 8, 2010 with Mr. Manojlovic as Vice-President, Exploration pursuant to which he received a base salary of $175,000 (2012 salary $190,000) per year subject to an annual review by the Compensation Committee (upon recommendation by the CEO), which may recommend to the Board to increase such base salary in its sole discretion. Mr. Manojlovic is also eligible for an annual bonus based on satisfaction of performance criteria set by the CEO for each year. In addition, Mr. Manojlovic is eligible to participate in the Option Plan. Upon his appointment as Vice-President, Exploration Mr. Manojlovic received a grant of 20,000 options which vested immediately. In October, 2011, Mr. Manojlovic"s employment agreement was amended to modify certain change of control provisions as outlined below.

Nicole Hoeller - The Company entered into an employment agreement effective January 15, 2008 with Ms. Hoeller as Director, Investor Relations, pursuant to which she received a base salary of $130,000 (2012 salary $180,000) per year subject to an annual review by the Compensation Committee (upon recommendation by the CEO), which may recommend to the Board to increase such base salary in its sole discretion. Ms. Hoeller was also eligible for a target annual bonus of 30% of her base salary, based on satisfaction of performance criteria set by the CEO for each year. In addition, Ms. Hoeller is eligible to participate in the Option Plan. Ms. Hoeller received an initial grant of 200,000 options, with one sixth of the total vesting after the date of grant and one sixth vesting every six months thereafter for three years. Ms. Hoeller's agreement was amended effective April 28, 2011, to provide that she is generally eligible for an annual bonus based on satisfaction of performance criteria set by the CEO for each year (as opposed to being eligible for a target annual bonus of 30% of her base salary) and to change certain termination and change of control benefits. In November 2011, Ms. Hoeller was appointed Vice-President, Investor Relations and Corporate Secretary.

For information as to the termination provisions and termination and change of control benefits provided in the above employment agreements, see "Termination and Change in Control Benefits" below.

Other Information

There were no re-pricings or changes to the terms of the Option Plan during the year ended December 31, 2011. The Company did not have any other share-based or option-based award programs for executive officers in place during the year ended December 31, 2011.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table (presented in accordance with Form 51-102F6) sets forth for each Named Executive Officer all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

	Option-based Awards				Share-based Awards	
Name **(a)**	**Number of securities underlying unexercised options (#)** **(b)**	**Option exercise price ($)** **(c)**	**Option expiration date** **(d)**	**Value of unexercised in-the-money options[1] ($)** **(e)**	**Number of shares or units of shares that have not vested (#)** **(f)**	**Market or payout value of share-based awards that have not vested ($)** **(f)**
Anthony Walsh	600,000[2] 50,000 200,000 200,000 100,000	$1.47 $1.04 $1.21 $5.37 $4.99	05/26/ 2013 06/11/2014 01/26/2015 01/03/2016 01/30/2016	1,422,000 140,000 526,000 NIL NIL	N/A	N/A
Robert Pease	250,000	$3.20	10/23/2016	160,000	N/A	N/A
Elaine Bennett	500,000[2] 50,000 120,000 120,000 50,000	$0.90 $1.04 $1.21 $5.37 $4.99	09/01/2013 06/11/2014 01/26/2015 01/03/2016 01/30/2016	1,470,000 140,000 315,600 NIL NIL	N/A	N/A
John Wakeford	547,500 50,000 150,000 150,000 75,000	$0.99 $1.04 $1.21 $5.37 $4.99	08/10/2013 06/11/2014 01/26/2015 01/03/2016 01/30/2016	1,560,375 140,000 394,500 NIL NIL	N/A	N/A

Name (a)	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) (b)	Option exercise price ($) (c)	Option expiration date (d)	Value of unexercised in-the-money options[1] ($) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested ($) (f)
Peter Manojlovic	80,000	$1.04	06/11/2014	224,000	N/A	N/A
	100,000	$1.21	01/26/2015	263,000		
	20,000	$2.05	06/08/2015	35,800		
	120,000	$5.37	01/03/2016	NIL		
	50,000	$4.99	01/30/2016	NIL		
Nicole Hoeller	200,000	$2.05	01/14/2013	358,000	N/A	N/A
	50,000	$0.39	11/17/2013	172,750		
	90,000	$1.04	06/11/2014	252,000		
	120,000	$1.21	01/26/2015	315,600		
	120,000	$5.37	01/03/2016	NIL		
	50,000	$4.99	01/30/2016	NIL		

(1) The value of unexercised options was calculated using the closing price of the Common Shares on the TSX on December 31, 2011, which was $3.84 per share, less the exercise price of the options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award.

Name (a)	Option-based awards - Value vested during the year ($)[(1)] (b)	Share-based awards - Value vested during the year ($) (c)	Non-equity incentive plan compensation - Value earned during the year ($) (d)
Anthony Walsh	$NIL[(2)]	N/A	$56,000
Robert Pease	$NIL[(3)]	N/A	NIL
Elaine Bennett	$NIL[(4)]	N/A	$34,000
John Wakeford	$NIL[(5)]	N/A	$39,000
Peter Manojlovic	$NIL[(6)]	N/A	$24,000
Nicole Hoeller	$87,120[(7)]	N/A	$27,000

(1) The value vested during the year of option-based awards was calculated using the closing price of the Common Shares on the TSX on the first trading day following the vesting date, as listed below, less the exercise price of the options.

(2) Anthony Walsh: 200,000 exercise price of $5.37 vested on Jan 4, 2011 with a trading price on January 5, 2011 of $5.22. 100,000 options with an exercise price of $4.99, vested on December 31, 2011 with a trading price on January 3, 2012 of $4.05

(3) Robert Pease: 250,000 options with an exercise price of $3.20, vested on October 24, 2011 with a trading price on October 25, 2011 of $3.49

(4) Elaine Bennett: 120,000 options with an exercise price of $5.37 vested on January 4, 2011 with a trading price on January 5, 2011 of $5.22. 50,000 options with an exercise price of $4.99, vested on December 31, 2011 with a trading price on January 3, 2012 of $4.05

(5) John Wakeford: 150,000 options with an exercise price of $5.37 vested on Jan 4, 2011 with a trading price on January 5, 2011 of $5.22. 75,000 options with an exercise price of $4.99, vested on December 31, 2011 with a trading price on January 3, 2012 of $4.05

(6) Peter Manojlovic: 120,000 options with an exercise price of $5.37 vested on January 4, 2011 with a trading price on January 5, 2011 of $5.22. 50,000 options with an exercise price of $4.99, vested on December 31, 2011 with a trading price on January 3, 2012 of $4.05

(7) Nicole Hoeller: 120,000 options with an exercise price of $5.37 vested on January 4, 2011 with a trading price on January 5, 2011 of $5.22. 50,000 exercise price of $4.99, vested on December 31, 2011 with a trading price on January 3, 2012 of $4.05, 33,000 exercise price of $2.05 vested on January 15, 2011 with a trading price on Jan 17, 2011 of $4.69

Discussion of Incentive Plan Awards

The significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at year end, are set out above in the Compensation Discussion and Analysis.

Pension Plan Benefits

The Company does not provide a defined benefit plan or a defined contribution plan for any of its executive officers or employees, nor does it have a deferred compensation plan for any of its executive officers. In May 2009, William Cummins retired from the Board after 20 years of service. In recognition of his length of service and contribution to the Company, the Board determined to pay an honorary pension to Mr. Cummins of $24,000 per year as long as he lives.

Termination and Change in Control Benefits

Each of the NEOs has entered into an employment agreement with the Company that provides for payments at, following or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in such Named Executive Officers' responsibilities.

Robert Pease – Under the terms of his employment agreement, Mr. Pease may terminate his employment by providing four weeks notice in writing to the Company. Upon receipt of such notice, the Company, in its sole discretion, may, by notice, specify an earlier termination date, however, regardless, Mr. Pease will be paid his base salary for the applicable period. All other entitlements, including coverage under the Company's benefit plans, if any, shall cease as of the earlier termination date. Mr. Pease's employment agreement also provides that he may be terminated for cause without notice of termination or payment in lieu of notice. In such case, the Company shall have no further obligation except for payment of amounts due and owing up to the date of termination. In such circumstances options will terminate as of the date of cessation of employment without regard to any common law notice period. For information regarding rights upon termination without cause and notice and in a change of control situation, see below.

Elaine Bennett – Ms. Bennett's employment agreement provides that she may be terminated for cause without notice of termination or payment in lieu of notice. Her options will terminate as of the date of cessation of employment without regard to any common law notice period. For information regarding rights upon termination without cause and notice and in a change of control situation, see below.

Peter Manojlovic - Mr. Manojlovic's employment agreement provides that he may be terminated for cause without notice of termination or payment in lieu of notice. His options will cease as of the date of cessation of employment without regard to any common law notice period. For information regarding rights upon termination without cause and notice and in a change of control situation, see below.

Nicole Hoeller - Prior to April 28, 2011, Ms. Hoeller's employment agreement provided that she could terminate her employment by providing four weeks notice in writing to the Company. Upon receipt of such notice, the Company, in its sole discretion could, by notice in writing, specify an earlier termination date, however, regardless, Ms. Hoeller would be paid base salary for the applicable period. Coverage under the Company's benefit plans, if any, would continue for the resignation period or, in lieu of benefit continuance, the Company would pay her an amount equal to the premium paid by the Company. Ms. Hoeller's employment agreement also provided that she could be terminated for cause without notice of termination or payment in lieu of notice. In such case the Company would have no further obligation except for payment of amounts due and owing up to the date of termination. Her options would terminate as of the date of cessation of employment without regard to any common law notice period. As of April 28, 2011, Ms. Hoeller's employment agreement provides that she may be terminated for cause without notice of termination or payment in lieu of notice. Options will terminate as of the date of cessation of employment without regard to any common law notice period. For information on rights upon termination without cause and notice and in a change of control situation, see below.

– *Termination by the Company Without Cause or Notice* – The Company may at any time terminate an NEO's employment without cause and without notice as follows:

- After one full year of employment, upon providing the NEO with notice, pay in lieu of notice or any combination thereof upon payment of 24 months base salary and 24 months prorated bonus income for each of Ms. Bennett, Ms. Hoeller and Mr. Manojlovic, and payment of 24 months base salary and two times the amount of the last bonus paid to Mr. Pease. In each case, one month's pro-rated bonus shall be calculated by dividing the amount of bonus paid to the NEO for the previous financial year by twelve.
- If the NEO is a member of the Company's benefit plans at the time of termination without cause, the NEO will be entitled to benefit continuance during the statutory period of notice as defined by the *Employment Standards Act* (British Columbia) or compensation in lieu of the benefit continuance equal to the premium paid by the Company for these benefits for the statutory notice period
- The NEO's vested options will be governed by the terms of the Option Plan and will remain in effect for 90 days following the date of termination.

For illustrative purposes, in accordance with Form 51-102F6, if a NEO had been terminated without cause or notice on December 31, 2011, the applicable compensation period (relevant for base salary, bonus and continued participation in the Company's benefits plans), the amounts payable and the value of options vested as of such date would have been as follows:

Name	Severance period (# months)	Aggregate amount payable for base salary	Aggregate amount payable for bonus	Aggregate amount payable for continued benefits(1)	Option-based awards - Value vested(2) ($)	Total
Robert Pease(3)	12	$390,000	NIL	$3,338	NIL	$411,338
Elaine Bennett	24	$430,000	$68,000	$4,680	NIL	$514,680
Peter Manojlovic	24	$380,000	$48,000	$6,322	NIL	$446,322
Nicole Hoeller	24	$360,000	$54,000	$4,561	NIL	$430,561

(1) The actual amounts of benefits for all NEOs have been disclosed in the Summary Compensation Table and it has been

assumed that payment of these amounts would continue for the compensation period.

(2) The value of stock options vested as of December 31, 2011 was calculated using the closing price of the common shares on the TSX on December 31, 2011, which was $3.84 per share, less the exercise price of the options.

(3) After his first full year of employment, Mr. Pease would receive 24 months base salary and 12 months pro-rated bonus.

Termination Upon Change in Control – If there is a change in control, each NEO has the option of resigning within 60 days and receiving a severance package consisting 24 months base salary and 24 months prorated bonus. The Option Plan provides that in the event of a change of control all options immediately vest and the employment agreements provide that all options held by a NEO may be exercised for a period of up to 90 days from the date of termination. "Change in control" is defined as (i) a purchase or acquisition of shares of the Company and/or securities convertible into shares of the Company, as a result of which a person, group of persons or persons acting jointly or in concert beneficially own or exercise control or direction over shares of the Company and/or convertible securities such that, assuming only the conversion of the convertible securities beneficially owned by those holders, entitle them to cast more than 50% of the votes attaching to all of the shares of the Company which may be cast to elect directors, (ii) an amalgamation, arrangement, merger or other combination of the Company with another company pursuant to which the Shareholders of the Company will not immediately thereafter own shares of the successor or the continuing company entitling them to cast more than 50% of the votes attaching to all shares of the successor or continuing company which may be cast to elect directors of that company, (iii) a reorganization; and (iv) a sale of all or substantially all of the Company's assets.

For illustrative purposes, in accordance with Form 51-102F6, if a NEO had resigned as a result of a change of control on December 31, 2011, the applicable compensation periods for base salary and bonus, the amounts payable and the value of options vested as of such date would have been as follows:

Name	Compensation period for base salary	Aggregate amount payable for base salary	Compensation period for bonus	Aggregate amount payable for bonus	Option-based awards - Value vested(1) ($)	Total
Robert Pease	12 months(2)	$390,000	12 months	Nil	Nil	$390,000
Elaine Bennett	24 months	$430,000	24 months	$68,000	Nil	$498,000
Peter Manojlovic	24 months	$380,000	24 months	$48,000	Nil	$428,000
Nicole Hoeller	24 months	$360,000	24 months	$54,000	Nil	$414,000

(1) The value of stock options vested as of December 31, 2011 was calculated using the closing price of the common shares on the TSX on December 31, 2011, which was $3.84 per share, less the exercise price of the options.

(2) After the first full year of his employment, Mr. Pease will be entitled to 24 months base salary and two times his last paid bonus.

Director Compensation

Director Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation earned by the non-executive directors for the Company's most recently completed financial year.

Name (a)	Fees earned ($) (b)	Share-based awards ($) (c)	Option-based awards(1) ($) (d)	Non-equity incentive plan compensation ($) (e)	Pension value ($) (f)	All other compensation ($) (g)	Total ($) (h)

Name (a)	Fees earned ($) (b)	Share-based awards ($) (c)	Option-based awards[(1)] ($) (d)	Non-equity incentive plan compensation ($) (e)	Pension value ($) (f)	All other compensation ($) (g)	Total ($) (h)
LeRoy Wilkes	$69,000	Nil	$307,807	Nil	Nil	Nil	$376,807
Jonathan Goodman	$50,000	Nil	$256.506	Nil	Nil	Nil	$306,506
John Whitton	$49,000	Nil	$256,506	Nil	Nil	Nil	$305,506
Scott Hean	$49,000	Nil	$256,506	Nil	Nil	Nil	$305,506
Terrence Eyton	$56,500	Nil	$256,506	Nil	Nil	Nil	$313,006
James Morton	$44,000	Nil	$256,506	Nil	Nil	Nil	$300,506
David Fennell	$51,000	Nil	$256,506	Nil	Nil	Nil	$307,506

(1) The fair value of Options granted, estimated using the Black-Scholes fair value option pricing model, is in compliance with International Financial Reporting Standard ("IFRS") 2, "Share-based payment". The key assumptions used are determined at each grant date and a life of five years is assumed

Discussion of Director Compensation Table

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include the Board's fee structure.

Board Fees

Non-executive directors of the Company receive an annual retainer of $25,000. The Chair of the Board receives an additional annual fee of $25,000, the Chair of the Audit Committee receives an additional annual fee of $10,500, the Chair of the Compensation Committee receives an additional annual fee of $5,000 and the Chairs of the Nominating and Corporate Governance Committee and the Health, Safety & Environment Committee receive an addition annual fee of $3,000. Additionally, directors are paid $1,000 for every Board and committee meeting attended. The independent directors of the Company received an aggregate of $2,215,343 (including the non-cash value as determined by the Black Scholes model for outstanding stock options granted in 2011 in remuneration during the year ended December 31, 2011. From time to time, the Company also grants options to its non-executive directors as compensation.

Other Information

There were no re-pricings or changes to the terms of the Option Plan during the year ended December 31, 2011. The Company did not have any other share-based or option-based award programs for Directors in place during the year ended December 31, 2011.

Directors' and Officers' Liability Insurance

The Company maintains directors' and officers' liability insurance with an aggregate policy limit of $25 million insuring the Company and its directors and officers against liability arising from wrongful acts in their capacity as directors and officers, subject to limitations, if any, contained in the Business Corporations Act (British Columbia). This coverage is subject to a deductible of $25,000 on Indemnifiable and Securities claims.

The current insurance coverage is in effect until May1, 2013. The annual premium for this insurance is $44,750. No portion of this insurance is directly paid by any director or officer of the Company.

Incentive Plan Awards for Directors

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each non-executive director all awards outstanding at December 31, 2011, including awards granted before the most recently completed financial year.

	Option-based Awards				Share-based Awards	
Name (a)	**Number of securities underlying unexercised options (#) (b)**	**Option exercise price ($) (c)**	**Option expiration date (d)**	**Value of unexercised in-the-money options[1] ($) (e)**	**Number of shares or units of shares that have not vested (#) (f)**	**Market or payout value of share-based awards that have not vested ($) (g)**
LeRoy Wilkes	125,000	1.04	Jun 11/14	350,000	N/A	N/A
	112,000	1.21	Jan 26/15	294,560		
	120,000	5.37	Jan 3/16	NIL		
Jonathan Goodman	100,000	1.04	Jun 11/14	280,000	N/A	N/A
	100,000	1.21	Jan 26/15	263,000		
	100,000	5.37	Jan 3/16	NIL		
John Whitton	150,000	2.35	Aug 7/12	223,500	N/A	N/A
	100,000	1.04	Jun 11/14	280,000		
	100,000	1.21	Jan 26/15	263,000		
	100,000	5.37	Jan 3/16	NIL		
Scott Hean	100,000	1.04	Jun 11/14	280,000	N/A	N/A
	164,000	1.21	Jan 26/15	431,320		
	100,000	5.37	Jan 3/16	NIL		
Terrence Eyton	100,000	1.04	Jun 11/14	280,000	N/A	N/A
	175,000	1.21	Jan 26/15	460,250		
	100,000	5.37	Jan 3/16	NIL		

	Option-based Awards				Share-based Awards	
Name (a)	Number of securities underlying unexercised options (#) (b)	Option exercise price ($) (c)	Option expiration date (d)	Value of unexercised in-the-money options(1) ($) (e)	Number of shares or units of shares that have not vested (#) (f)	Market or payout value of share-based awards that have not vested ($) (g)
James Morton	100,000 100,000 100,000 100,000	1.35 1.04 1.21 5.37	Jun 29/13 Jun 11/14 Jan 26/15 Jan 3/16	249,000 280,000 263,000 NIL	N/A	N/A
David Fennell	100,000 100,000 100,000	1.04 1.21 5.37	Jun 11/14 Jan 26/15 Jan 3/16	280,000 263,000 NIL	N/A	N/A

(1) The value of unexercised options was calculated using the closing price of the Common Shares on the TSX on December 31, 2011 which was $3.84 per share less the exercise price of the options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned by each non-executive director during the most recently completed financial year for each incentive plan award.

Name (a)	Option-based awards - Value vested during the year ($)(1) (b)	Share-based awards - Value vested during the year ($) (c)	Non-equity incentive plan compensation - Value earned during the year ($) (d)
LeRoy Wilkes	Nil	N/A	N/A
Jonathan Goodman	Nil	N/A	N/A
John Whitton	Nil	N/A	N/A
Scott Hean	Nil	N/A	N/A
Terrence Eyton	Nil	N/A	N/A
James Morton	Nil	N/A	N/A
David Fennell	Nil	N/A	N/A

Directors' and Officers' Liability Insurance

The Company maintains directors' and officers' liability insurance with an aggregate policy limit of $25 million insuring the Company and its directors and officers against liability arising from wrongful acts in their capacity as directors and officers, subject to limitations, if any, contained in the Business Corporations Act (British Columbia). This coverage is subject to a deductible of $25,000 on Indemnifiable and Securities claims.

The current insurance coverage is in effect until May1, 2013. The annual premium for this insurance is $44,750. No portion of this insurance is directly paid by any director or officer of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth all compensation plans under which equity securities of the Company are authorized for issuance as of the end of the Company's most recently completed financial year.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (c)**
Equity compensation plans approved by security holders:			
Stock Option Plan	9,253,410	$2.53	6,810,408
Total	**9,253,410**	**$2.53**	**6,810,408**

The securities to be issued are Common Shares

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former executive officers, directors or employees of the Company or any proposed nominee for election as a director of the Company or any of the foregoing persons' associates is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness is or was the subject of a guarantee, support agreement, letter of credit or other similar instrument or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's most recently completed financial year, no informed person (as defined below) of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company. An “informed person” means: (i) a director or executive officer of the Company, (ii) a director or executive officer of a person or company that is itself an informed person of the Company, or (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding Common Shares.

In June 2009, the Company purchased the Back River assets from Dundee Precious Metals Inc. Prior to the completion of that transaction, Dundee Precious Metals Inc. was not an informed person of the Company.

MANAGEMENT CONTRACTS

The management functions of the Company are not to any substantial degree performed other than by the directors and executive officers of the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following description of the Company’s corporate governance practices is provided in accordance with the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and Form 58-101F1 thereunder.

Board of Directors

Composition of the Board

The Board currently consists of ten (10) directors. The Board has considered the independence of each of its current directors. Consistent with NI 58-101, to be considered independent, the Board must conclude that a director has no material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgment and includes an indirect material relationship.

The Board has concluded that seven (7) directors (Messrs. LeRoy E. Wilkes (Chair), Jonathan Goodman, Scott B. Hean, Terrence E. Eyton, James Morton, John Whitton and David Fennell) are “independent” for purposes of Board membership, as provided in NI 58-101. Mr. Anthony P. Walsh, previous CEO and President of the Company, Mr. Robert Pease, CEO and President of the Company and Mr. John Wakeford, previous Senior Vice-President, Corporate Development are not “independent” for purposes of Board membership, as provided in NI 58-101. Based on the foregoing, a majority of the directors are “independent”.

Directorships

Certain directors of the Company are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. Information as to such other directorships is set out below.

Director	**Other Public Company Directorships**
LeRoy E. Wilkes	Athena Silver Corporation Quaterra Resources
Anthony P. Walsh	Avala Resources Dunav Resources Quaterra Resources Stornoway Diamond Corporation Novagold Resources
Jonathan Goodman	Avala Resources

Director	Other Public Company Directorships
	Breakwater Resources Ltd. Cogitore Resources Inc. Dunav Resources Dundee Corporation Dundee Energy Ltd. Dundee Precious Metals
John Whitton	N/A
Scott B. Hean	Bravada Gold Corporation Duncastle Gold Corp. Homestake Resources Ltd. Southern Silver Exploration Corp
Terrence E. Eyton	Southern Silver Exploration Corp.
James Morton	N/A
David Fennell	Avala Resources Bear Lake Gold Ltd Dunav Resources Major Drilling Group International Inc Odyssey Resources Ltd. Reunion Gold Corporation. Sutter Gold Mining Inc. Torex Gold Resources Inc.
Robert Pease	Endurance Gold Corp Pilot Gold Inc. Red Eagle Mining Corp.
John Wakeford	Avala Resources Dunav Resources Midas Gold Mining

Independent Director Meetings

The independent directors hold in camera sessions, at which non-independent directors and members of management are not in attendance at all quarterly board meetings and as deemed necessary. During the financial year ended December 31, 2011, the independent directors held five such meetings.

Chair

The Board has concluded that Mr. LeRoy E. Wilkes, the Chair of the Board, is an “independent” director. See “Composition of the Board” above.

Attendance

During the financial year ended December 31, 2011, the Board held thirteen (13) meetings, the Audit Committee held four (4) meetings, the Compensation Committee held two (2) meetings, the Nominating and Corporate Governance Committee held two (2) meetings, the Special Committee (Recruitment) held seven (7) meetings and the Health & Safety Committee held two (2) meetings. The following summarizes the attendance record of directors for each of such meetings.

Name	Board	Audit Committee	Compensation Committee	Nominating(1) and Corporate Governance Committee	Health, Safety & Environment Committee	Special Comm-ittee
LeRoy E. Wilkes	10 of 13	N/A	1 of 1	N/A	1 of 1	N/A
Anthony P. Walsh	13 of 13	N/A	N/A	N/A	N/A	7 of 7
Jonathan Goodman	12 of 13	1of 2	1 of 1	1 of 1	N/A	7 of 7
John Whitton	13 of 13	N/A	2 of 2	N/A	2 of 2	N/A
Scott B. Hean	12 of 13	4 of 4	2 of 2	1 of 1	N/A	N/A
Terrence E. Eyton	13 of 13	4 of 4	N/A	2 of 2	N/A	N/A
James Morton	11 of 13	2 of 2	N/A	1 of 1	1 of 1	N/A
David Fennell	11 of 13	N/A	N/A	N/A	2 of 2 2 of 2	7 of 7
John Wakeford	4 of 4	N/A	N/A	1 of 1	2 of 2	

(1) The Nominating and Corporate Governance Committee was split into two committees, the Nominating Committee and the Corporate Governance and Social Responsibility Committee on June 3, 2011. Each committee held one meeting during the year.
(2) Mr. Wilkes was a member of the Compensation and Health, Safety & Environment Committees until June 3, 2011. (3) Mr. Goodman was a member of the Audit Committee until June 3, 2011. Thereafter he was/is a member of the Compensation and Nominating Committees.
(4) Mr. Morton was a member of the Health, Safety & Environment and the Nominating & Corporate Governance Committees until June 3, 2011. Thereafter, he is a member of the Audit and Corporate Governance and Social Responsibility Committees.
(5) Mr. Wakeford was a senior executive with the Company until June, 2011 when he was appointed to the Board of Directors. He became a member of the Nominating and Health, Safety & Environmental Committees on June 3, 2011. Mr. Wakeford attended nine (9) meetings of the Board as a senior executive and four (4) meetings as a director.

Board Mandate

The Board has a written mandate that was implemented in August 2010, a copy of which is attached to this Circular as Schedule “A”. The Board’s role and responsibilities include the following:

- selecting and monitoring senior management;
- strategic planning;
- appointing appropriate committees of the Board and delegating responsibilities for specific functions to such committees;
- with the assistance of the Audit Committee, having responsibility for overseeing control over financial reporting;
- regulatory compliance; and

- Board assessment.

Management, is responsible for day to day management of the business and affairs of the Company in accordance with the strategic plans, objectives and policies set by the Board.

Board Committees

Audit Committee

The Corporation has an audit committee (the "**Audit Committee**") that consists of Messrs. Morton, Hean and Eyton, with Mr. Eyton serving as Chair. All members of the Audit Committee are "independent" and "financially literate" (as defined in National Instrument 52-110 – *Audit Committees*). The Audit Committee has been established to assist the Board in fulfilling its financial oversight responsibilities by reviewing the following:

- the financial reports and other financial information provided by the Company to regulatory authorities and shareholders;
- the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting; and
- the Company's financial reporting processes.

The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors;
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board; and
- to ensure the highest standards of business conduct and ethics.

A copy of Company's Audit Committee Charter is set out in the Company's Annual Information Form which is available on SEDAR at www.sedar.com.

Audit Fees

Set forth below are details of certain services billed to the Company by its external auditor in each of the last two fiscal years for audit services:

Financial Year End	Audit Fees	Tax Fees (1)	Other Fees(2)	Total
2011	$137,661	$46,441	$33,645	$217,747
2010	$104,000	$36,980	$7,750	$148,730

Audit fees included work done on IFRS conversion preparation and auditing. Tax Fees were related to the preparation of the Company's T-2 corporate income tax return and the General Index of Financial Information required by CRA. Other fees include advisory services on the Company's prospectus for the March 2011 financing.

Compensation Committee

The Corporation has a compensation committee (the "**Compensation Committee**") that consists of Messrs. Goodman, Whitton and Hean, with Mr. Hean serving as Chair. Messrs. Goodman, Hean and Whitton are "independent" (as defined in NI 58-101). As a result, the Compensation Committee is composed entirely of "independent" directors. The Compensation Committee implemented a written charter for the Compensation Committee in August, 2010. The Compensation Committee's mandate is to:

- assess the Company's policies and practices respecting compensation of senior officers and directors of the Company and to advise the Board respecting the same; and
- oversee the preparation of the Company's public disclosure regarding executive compensation practices.

Nominating & Corporate Governance Committee

The Corporation had a corporate governance committee (the "**Nominating** & **Corporate Governance Committee**") comprised of "independent" directors (as defined in NI 58-101). The Nominating and Corporate Governance Committee implemented a written charter in August, 2010.

In June 2011, the Nominating & Corporate Governance Committee was split into two committees; the **Nominating Committee** and the **Corporate Governance and Social Responsibility Committee**.

Corporate Governance & Social Responsibility Committee

The Corporation has a corporate governance committee (the "Corporate Governance and Social Responsibility Committee that consist of Messrs. Hean, Eyton and Morton with Mr. Morton serving as Chair. Messrs. Hean, Eyton and Morton are "independent" directors (as defined in NI 58-101). As a result the Corporate Governance and Social Responsibility Committee is comprised entirely of "independent" directors.

The mandate of the Corporate Governance and Social Responsibility Committee is to:

- Monitor and assess the effectiveness of the governance of the Company by the Board;
- Develop and recommend to the Board corporate governance practices which are effective and suitable for the Company;
- Monitor and assess the effectiveness of the Company's social responsibility and sustainability programs; and
- Recommend to the board, social responsibility and sustainability practices that are effective and suitable for the Company.

The Corporate Governance and Social Responsibility Committee is currently developing a written charter to be implemented in the second half of 2012.

Nominating Committee

The Corporation has a nominating committee (the "**Nominating Committee**") that consists of Messrs. Eyton, Goodman and Wakeford with Mr. Eyton serving as Chair. Messrs. Eyton and Goodman are "independent" (as defined in NI 58-101), Mr. Wakeford is not. As a result, the Nominating Committee is not composed entirely of "independent" directors. The Nominating Committee has a mandate to:

- monitor and assess the effectiveness of the Board of Directors of the Company;
- monitor and assess the effectiveness of the Committees of the Board of Directors of the Company;
- Develop and implement a process to measure and optimize the effectiveness of the Board and its Committees;
- make recommendations to the Board as to committee membership; and

- identify and recommend to the Board qualified and suitable individuals for nomination to the Board.

The Nominating Committee is currently developing a written charter to be implemented in the second half of 2012.

Health, Safety & Environment Committee

The Corporation has a health and safety committee (the "**Health, Safety & Environment Committee**") that consists of Messrs. Whitton, Fennell and Wakeford, with Mr. Whitton serving as Chair. Messrs. Whitton, and Fennell are "independent" (as defined in NI 58-101), Mr. Wakeford is not. As a result, the Health, Safety & Environment Committee is not composed entirely of "independent" directors. The Health, Safety & Environment Committee has been established to assist the Board in fulfilling its responsibilities relating to health, safety and the environment. The responsibilities of the Health & Safety Committee are as follows:

- to satisfy itself that the Company has implemented and is maintaining an occupational health, safety and environmental policy;
- to annually review and recommend to the Board, for approval, changes in or additions to occupational health and safety policies, standards, accountabilities and programs for the Company in the context of competitive, legal and operational considerations;
- to receive reports from management and/or external auditors on the nature and extent of compliance or any non-compliance with occupational health and safety and environmental policies, standards and applicable legislation and plans to correct deficiencies, if any, and to report to the Board on the status of such matters and/or make recommendations to the Board on such matters;
- to review, prior to dissemination, all Company disclosure respecting occupational health and safety policies;
- to inform itself about such policies, practices and procedures, and the actions to be taken to implement and maintain said policies and practices and procedures as the first priorities of the Corporation;
- to consult with the CEO, executive officers and other senior employees of the Company as designated by the CEO and such other persons as the Health & Safety Committee may reasonably determine in the performance of such responsibilities; and
- to receive monthly reports from management on the nature and number of all lost time accidents, incidents, medical aids and first aids.

Position Descriptions

The Board has developed written position descriptions for the Chair of the Board, and the chair of each Board committee. The Board and the CEO have also developed a written position description for the CEO and the Corporate Secretary. All of these written position descriptions were adopted by the Company in August 2010.

Orientation and Continuing Education

The Board and management oversee an orientation process that familiarizes new directors with the Company's properties and exploration activities, the role of the Board, its committees and its directors.

The Corporation is also committed to a continuing education program for all directors. At each regularly scheduled Board meeting, management provides the directors with a presentation on the Corporation's operations thereby updating the Board on all important activities since the last meeting. The Board also receives regular written reports from management. The CEO and the executive management team also coordinate a strategic planning session for the Board in order to keep the Board apprised of the shorter and longer term strategy of the Corporation. Through the Corporate Governance & Social Responsibility Committee, directors are kept informed of the best practices with respect to the role of the Board, and of emerging trends that are relevant to their roles as directors. Individual directors are encouraged to visit the Corporation's main operations facilities (and all have attended).

Ethical Business Conduct

The Board has adopted a formal written Code of Conduct and Business Ethics (the "**Code**") for the Company's directors, officers and employees. The Board monitors compliance with the Code through the Audit Committee, which pursuant to the provisions of its charter, has this responsibility. The Code provides that each employee is personally responsible for and it is their duty to report violations or suspected violations of the Code and that no employee will be discriminated against for reporting what the employee reasonably believes to be a breach of the Code or any law or regulation. Pursuant to the Code, the Company has also adopted a Whistleblower Policy whereby directors, officers and employees can report suspected illegal or unusual behavior within the Company. A person or company may obtain a copy of the code from SEDAR at www.sedar.com.

Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Company. Once such interest has been disclosed, the Board as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement. All directors and executive officers are subject to applicable laws with respect to the disclosure of any conflicts of interests and the voting any transactions giving rise to such conflicts.

Each Board member has the ability to reference outside professional advisors to facilitate the Company in meeting ethical business standards.

Nomination of Directors

The Nominating Committee is responsible for identifying new candidates for nomination to the Board. When considering potential new candidates, the Nominating Committee discusses and determines the skill sets that will enhance the proficiency of the Board and considers individuals that have these skill sets.

Compensation

The Compensation Committee meets as required, but at least annually. It reviews management compensation policies and benefits, monitors management succession planning and conducts an annual review of the overall condition and quality of the Company's human resources. In addition, the Compensation Committee has the specific responsibility of reviewing and approving executive compensation. In carrying out these responsibilities, the Compensation Committee assesses on an annual basis the performance of the CEO against established objectives and reviews performance reports submitted for other executive officers. The Compensation Committee makes recommendations to the Board on a periodic basis respecting the Company's compensation policies for its executive officers and directors.

In 2011, the Compensation Committee engaged Gurr to conduct an independent review of currently available information on compensation of executive officers and directors of companies similar to the Company within the mining industry to assist it in setting the compensation for its executive officers and directors going forward. Gurr completed a benchmark analysis for the base salary, total cash compensation and total direct compensation for each NEO. The Compensation Committee then reviewed the annual compensation for each of the executive officers and directors taking into consideration the competitive compensation practices for comparable positions with similar companies in the mining industry and recommended compensation levels for 2012. For more information, see "Statement of Executive Compensation – Compensation Discussion and Analysis – Benchmarking".

Assessments

The Board and its committees are assessed annually on the basis of their performance and contribution. The process by which such assessments are made is through questionnaires developed by the Corporate Governance andSocial Responsibility Committee and completed by each individual director. The results of the completed questionnaires are tabulated by the Corporate Governance and Social Responsibility Committee which then reports its findings to the full Board.

Appropriate action is taken to remedy any area of Board performance which the responses indicate are in need of improvement. Individual director performance will be evaluated every third year by the Corporate Governance and Social Responsibility Committee and the Board Chair. Individual director assessments will be determined by examining a number of factors including, but not limited to, attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance.

The Board does not apply a mandatory retirement age on any member of the Board. A determination of a director's continued fitness for service as a member of the Board is assessed, on a regular basis, through the implementation of the rigorous Board and individual director evaluation process outlined above.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company's financial statements and management's discussion and analysis ("**MD&A**") are available by written request to Sabina Gold & Silver Corp., 930 West 1st Street, North Vancouver, British Columbia, V7P 3N4, Attention: Chief Financial Officer, or by telephone: (604) 998-4175. Financial information is provided in the Company's comparative financial statements and MD&A for its year ended December 31, 2011.

DIRECTORS' APPROVAL

The directors of the Company have approved the contents and the sending of this Circular.

DATED as of May *, 012

ON BEHALF OF THE BOARD OF DIRECTORS

Nicole Hoeller
VICE-PRESIDENT, IR & CORPORATE SECRETARY

SCHEDULE "A" – MANDATE OF THE BOARD OF DIRECTORS OF SABINA GOLD & SILVER CORP.